

The complaint

Mr M complains that American Express Services Europe (Amex) marked his credit file with a missed payment in September 2020.

What happened

Mr M had credit card from Amex. On the statement dated 5 June 2020, the limit was £8,100 and balance £8,242. The minimum payment required was £300, due by 30 June 2020. On 22 June 2020, Mr M paid in £300. On 25 June 2020, he called Amex and asked for a three- month payment holiday under the Covid-19 support scheme. This was agreed by Amex. The statement dated 5 September 2020 asked for a payment of £301 by 30 September 2020.

That wasn't paid by Mr M and Amex notified the credit reference agencies (CRAs) of a missed payment.

Mr M complained. He said he'd enrolled for a three-month payment holiday on 25 June 2020, after having paid the June 2020 bill. So, he said the payment holiday should run for July 2020, August 2020, and September 2020 – with the next payment then due in October 2020. He didn't agree that the payment holiday should've started in June 2020 – as he had paid that month. He said that his credit file was now affected.

Amex said their process was to date the payment holiday from the current cycle, plus the next two cycles. So, the months covered by the payment holiday were June 2020, July 2020, and August 2020. The next payment was therefore due by 30 September 2020 – and that wasn't paid by Mr M. Amex said that Mr M had called Amex on 15 July 2020 – and he was then told that the payment holiday started in June 2020.

Mr M brought his complaint to us. Our investigator said Amex hadn't acted reasonably. He thought it was reasonable for Mr M to assume the payment holiday would start after the payment he made in June 2020 – three days before he called to arrange the payment holiday. He could see that later, in 2021, Amex had defaulted Mr M's account and so the default should be backdated to the earliest possible date, and compensation £100 should be paid.

Amex didn't agree and asked that an ombudsman look at Mr M's complaint.

I came to a provisional decision:

Mr M's complaint is specifically about what happened in connection with the payment holiday that he requested in June 2020. His complaint to Amex, and to this service, didn't mention the later problems he had with his account – I can see that it was defaulted in 2021 and Mr M told us it was passed to a debt collection agency. But I'm not going to address what happened after September 2020. If Mr M wishes to complain about events after that, he must firstly complain to Amex; and, if he is not happy with their response, he has the option to bring that complaint to us.

Looking at what happened in June 2020. In April 2020, the Financial Conduct Authority (FCA) announced guidance to lenders in response to the effects on customers of the COVID-19 pandemic. All lenders, including Amex, had to put in place 'payment holidays' on many credit agreements, including credit cards – to help customers who were affected. Customers could ask for a total of two payment holidays each of three months – whereby payments could be suspended. Missed payments would not be reported to credit reference agencies, although interest would still be debited to the accounts. This support was provided by firms up to the end of October 2020.

The intention was to provide short term support – usually in cases where customers would be returning to work within a short period of time. And so – where a customer's situation was that they were in longer term difficulty, then payment holidays under this scheme weren't normally agreed.

So – I've considered Mr M's complaint in the light of this. The 5 June 2020 statement showed he needed to make the minimum payment of £300 by 30 June 2020 – it was paid on 22 June 2020. Mr M then called Amex on 25 June 2020 to ask for a three-month payment holiday. Amex agreed to this. But Mr M thought the holiday was for the three months of July 2020, August 2020, and September 2020. Amex say that the holiday started in June 2020. And so – when Mr M didn't make the payment due by 30 September 2020, Amex marked Mr M's credit file with a missed payment.

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Amex have shown us that their process was to mark the payment holiday from the current cycle – i.e. the month in which it was requested. They said their process was that Mr M would have been told that when he called. We asked Amex for the call on 25 June 2020 so we could hear what Mr M was told – but this wasn't available. We also asked Amex for any letters or emails sent to Mr M about the payment holiday – but they told us their process was not to send anything. So – there isn't a lot of information we can see here.

Amex say that on a call on 15 July 2020, Mr M was told the cycle started in June 2020 – but this call isn't available either. There are notes of the call, which say *"Enrolled for last month and the following two billing cycles..."* – which may indicate Mr M was told as Amex say he was. But equally, the call notes reflect that Mr M was asking if a payment needed to be made in July *"as app saying need to make payment....any reminders/alerts/statements we cannot suppress, can ignore (while on payment holiday)"*. And I can see that the statement dated 5 July 2020 showed that a minimum payment of £293 was needed by 30 July 2020. So – I don't think it's reasonable to say that Mr M could've been clearly told that the payment holiday ran from June 2020 – as the point of the call was about July 2020's payment.

I also considered whether the statements that Mr M received told him about the payment holiday – and they don't. The statements for July 2020, August 2020 say that minimum payments were still needed – as Amex didn't adjust them to reflect the payment holiday. So, when Mr M received the statement for September 2020 – it showed a payment of £301 was needed by 30 September 2020. And given what Mr M had been told on the call on 15 July 2020 – that he could ignore the amounts due – I think he could reasonably assume that the payment wasn't needed.

Amex showed us that they sent a Notice of Default to Mr M dated 5 October 2020 – but this was after the event and I don't think it supports Amex's argument that the payment holiday only ran up to August 2020.

While Amex has followed their processes here, strictly following a procedure or process can lead to an unfair outcome for a customer in the individual circumstances of their situation. I think that's what's happened here. And so, on the balance of evidence, I am proposing to

uphold Mr M's complaint. And ask Amex to remove the late payment markers from Mr M's credit file for the missed payment in September 2020. Mr M has told us how distressed and anxious he has been that a compensation payment of £100 is justified here.

Responses to the provisional decision:

Amex accepted the findings, but Mr M didn't. He said:

- Compensation should be higher and
- Amex had ruined his life - as he now couldn't get any affordable credit, such as a mortgage. Any loans he was able to get would be at higher rates of interest because of what happened.

I now need to make a final decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

While I hear what Mr M has said in response to the provisional decision, I think it's unlikely that he would be declined for lending at normal interest rates because of the missed payment in September 2020 – which this decision puts right in any case.

As I said in the provisional decision, it does appear that he ran into difficulties with Amex later, in 2021 – when his account was defaulted and passed to a debt collection agency. I suspect it is that which is impacting him in the way he says. His complaint to us was specifically about the missed payment in September 2020, not about the later default.

If he wants to complain about the later default, he should complain to Amex in the first instance about that.

Similarly, the compensation of £100 is appropriate for the complaint that Mr M brought to us.

And so – my final decision is unchanged from the provisional decision.

(continued)

My final decision

I uphold this complaint. American Express Services Europe Limited (AESEL) must:

- Remove the late payment marker from Mr M's credit file for the missed payment in September 2020.
- Pay compensation of £100 for distress and inconvenience. In responding to this final decision, Mr M should advise how he would like this to be paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 25 August 2022.

Martin Lord
Ombudsman